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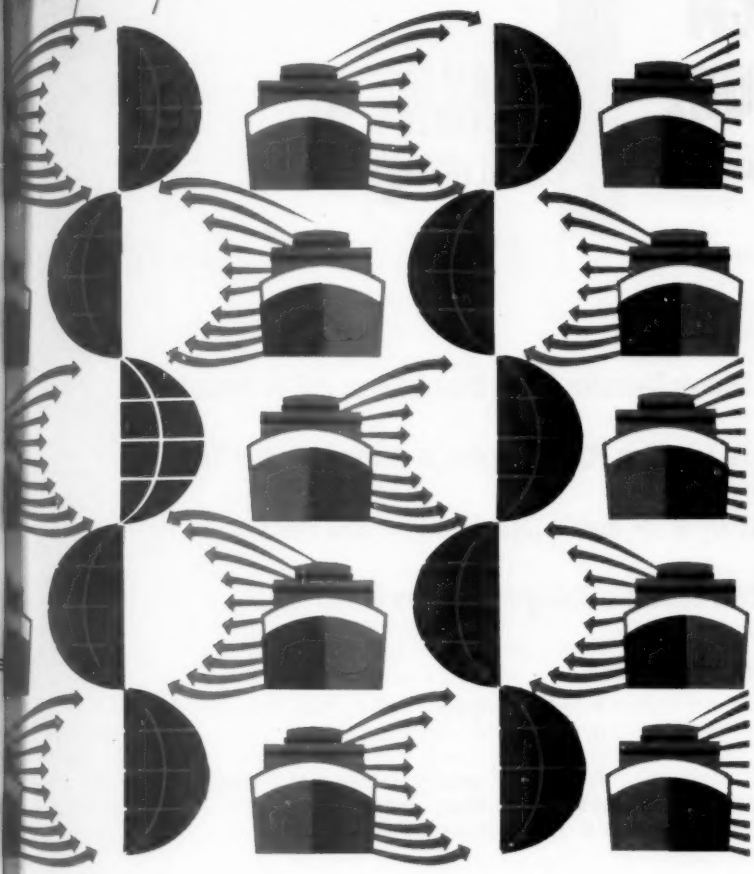

OCTOBER 4, 1965

EL SALVADOR'S FOOD AND EXPORT CROP SITUATION

PLENTIFUL COFFEE SUPPLIES

OUR MARKET OPPORTUNITIES FOR DAIRY PRODUCTS IN SUDAN

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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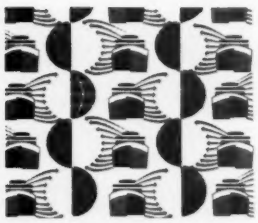

This week's cover is symbolic of the flow of trade among the world's countries—a subject that *Foreign Agriculture* magazine deals with each week.

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EL SALVADOR
Diversifies Export Crops But Lags in Food Production

By RICHARD A. SMITH
U.S. Agricultural Attaché
San Salvador

Coffee traditionally has been El Salvador's principal export commodity, and though it still is, the country has made significant strides during the past few years to diversify its exports and reduce its dependence on one product as a source of foreign exchange. During the years 1957 through 1960, coffee exports accounted for an average of 74 percent of the total value of El Salvador's agricultural exports. From 1961 through 1964 coffee's share dropped to 54 percent.

Larger exports of other agricultural commodities—chiefly cotton and sugar—have been the principal reason behind the drop in coffee's share of total exports; however, some gains have also been made in increasing El Salvador's exports of cotton textiles and nonagricultural products. From 1957 through 1960, these accounted for 4 percent of total exports, compared with 12 percent during the last 4 years. Textiles showed the principal gain, but chemical products, shrimp, and petroleum products also registered increases.

Cotton output mounting

Cotton production in El Salvador has expanded very rapidly since 1961, thanks to favorable prices and markets. During the 1961-65 period, lint cotton production shot up from 184,000 bales (480 lb. net) to 335,000 bales—a spectacular increase of 81 percent. Although domestic consumption of cotton has been expanding, the bulk of the country's cotton production is exported. Consequently, cotton now accounts for about one-fourth of El Salvador's total exports, compared with only about 14 percent just 5 years ago. Japan is the principal market for Salvadoran cotton, taking about 90 percent of exports.

The main cotton-producing area in El Salvador lies along the Pacific coastal plain, which was recently opened up by the construction of the Litoral (coastal) highway and the eradication of malaria. The soils in this area are extremely fertile, and rainfall is abundant during the growing season. It is good cotton country, with cotton yields among the highest in the world for rain grown cotton. The quality of Salvadoran cotton likewise is good, the bulk grading as Middling (slightly dull) or better.

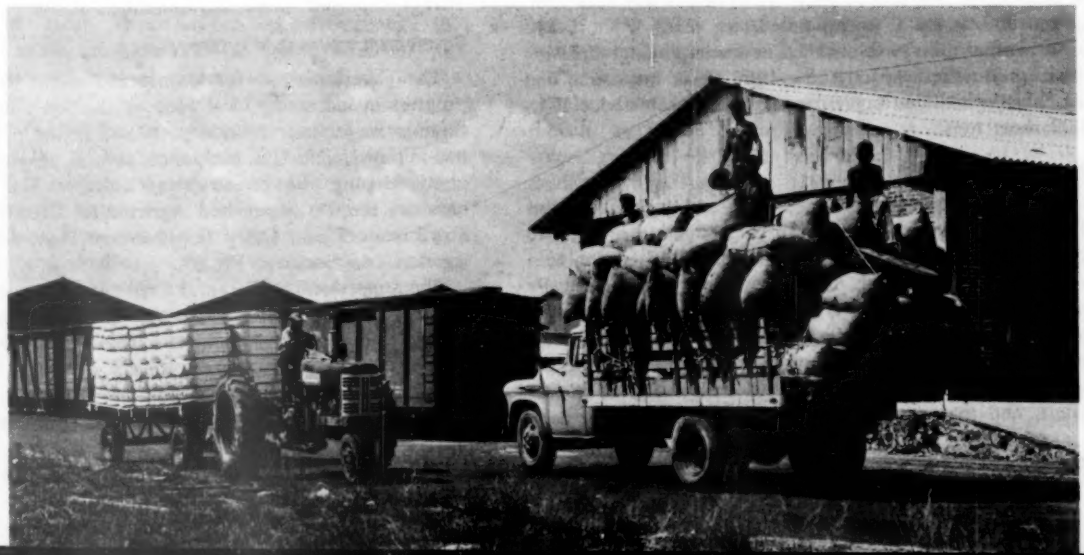
Despite the recent boom in cotton, some pessimism exists with regard to the continued expansion of cotton output. This stems primarily from the poor weather conditions which prevailed during the harvesting of the past two consecutive crops and which caused a considerable loss to some farmers. Many of these farmers have indicated a reluctance to plant as much cotton again. Also, the price of cotton has been slowly declining. This, coupled with the high cost of combating insects (sprayings average 20 to 25 times per year and some farmers go as high as 40), has made returns on this crop less attractive than in recent years.

The 1965-66 outlook is for a reduction in acreage planted to cotton. Yet even with this predicted setback in production, cotton is expected to continue as a major source of foreign exchange for El Salvador, unless, of course, there is a drastic collapse in the international market.

Higher prices, more sugar

Sugar is El Salvador's third most important export crop. Production has been rising, stimulated by the high world sugar prices of 1962-63 and by an expanding domestic market. Centrifugal sugar production totaled 73,400 metric tons during 1964, a 25-percent increase over 1963. For

Cotton, a big export crop in El Salvador, is pictured here arriving at the gin and being hauled away in bales ready for export.



In El Salvador's sugar industry, the old and the new go hand in hand: traditional harvesting methods and a modern mill.

1965, production is estimated at about 100,000 tons.

Sugar exports have been rising too—from 12,099 metric tons in 1961 to 20,754 metric tons in 1964—and the 1965 outlook is for El Salvador's sugar exports to break all previous records because of the large cane crop harvested this year. Exports are being estimated at 41,000 metric tons—almost double the previous record set in 1964. About half of these exports are expected to go to the United States, and the rest will be sold on the world market. In the past, the United States used to buy the bulk of El Salvador's sugar shipments.

To handle the increase in cane production, the country has expanded its sugar-milling capacity. A new mill with a capacity of 500 metric tons of sugar per day was completed in January at an estimated cost of $6 million, and several other mills have installed new equipment, increasing their production capacity. By 1967, it is estimated that El Salvador's milled-sugar capacity will reach about 175,000 short tons.

Food crops displaced

This rapid expansion of the cotton and sugar industries has caused an overall stagnation in production of the two principal food crops, corn and beans. El Salvador is a small country with high population density, so practically all of its cultivable land is already in use. Consequently, in order to realize the rapid growth in export crops, it was necessary to displace food crops from the more fertile lands. Corn and beans now are grown mostly on poorer lands, and the acreage planted has been decreasing each year. To make up for the lower supplies of food crops, imports of corn and beans have been steadily increasing.

Production of corn, the main staple in the local diet, totaled 191,600 metric tons during 1964-65, a decrease of 8 percent from last year and only 7 percent higher than the previous 5-year average. On the other hand, imports of corn during 1964-65 are preliminarily estimated at 46,000 metric tons, or 85 percent more than in 1963-64 and 84 percent higher than the previous 5-year average. Although corn production is expected to increase next year, imports are likely to remain sizable. Factors causing this increase in corn production include a shift from cotton to corn, and wider use of both hybrid seed and fertilizer.

Bean imports have mounted steadily over the past few years. In 1964-65, they totaled an estimated 17,000 metric tons, an increase of 11 percent over 1963-64 and up 20 percent from 1962-63. Bean production for 1964-65 is placed at 10,380 metric tons, down 28 percent from the previous year and 19 percent below the previous 5-year average. The outlook for 1965-66 calls for a continued decline in production and for still higher imports.

Other foodstuffs that are being imported in larger quantities are dairy products, fruits, and vegetables.

Fresh milk imports during 1964 were 42 percent higher than in 1963, and powdered milk imports 17 percent higher. Milk production in El Salvador has remained at about the same level since 1961, for while encroachment of cotton and sugarcane onto pastureland used for dairy cattle has caused a reduction in the number of animals milked, this has been about offset by an increase in production per cow. Lacking a fruit and vegetable industry, El Salvador has always imported substantial quantities of both.

Government moves to help farmers

The government is very concerned about the lack of progress in increasing local food production plus the continuing rise in basic food imports and in the past 2 years has initiated, with U.S. assistance, several programs aimed at developing the country's agriculture. The principal ones are the: (a) Supervised Agricultural Credit Program, (b) Livestock and Dairy Improvement Plan, and (c) Irrigation and Drainage Project.

The Supervised Agricultural Credit Program actually got underway during December 1962, and was originally financed with counterpart funds derived from the sales of U.S. agricultural commodities under a Public Law 480, Title IV agreement. The program was greatly expanded in May 1964, when an AID (U.S. Agency for International

Development) loan for 5.5 million dollars for 2 years was approved. This program, which is aimed at increasing the production capacity, efficiency, and incomes of the small- and medium-size farmers and stockmen through increased credit and technical assistance, has been very successful and is reaching many farmers who previously did not have access to credit.

The goal of the Livestock and Dairy Improvement Plan is to increase milk and meat production by upgrading existing herds through the use of registered bulls. It is hoped to create a domestic supply of improved breeding stock through the establishment of registered herds. Improved physical facilities on dairy and livestock farms are another objective of the plan.

AID has made a $1.1-million loan to El Salvador for this project, the funds being used for the purchase of registered bulls and heifers from the United States, and for medium-term loans to livestock men for improving pastures and animal husbandry facilities. Many cattlemen are participating in the program, which should begin to show results in improved income and increased beef and dairy production within the next 3 to 5 years.

Irrigation, drainage, roads

The Irrigation and Drainage Program is designed to increase agricultural production and protect natural resources by providing for the irrigation and/or the improvement and conservation of lands owned by eligible farm operators. Financed principally through a $1.6-million AID loan, the program will serve as a pilot operation to give El Salvador experience to carry out much larger integrated land development projects over the next 5 to 10 years. Several such projects are in preliminary planning stages now, and one—the Zapotitan Valley—has come off the drawing boards and is being studied for financing by international agencies.

AID is also helping El Salvador knit together the internal market. A new $1.2-million loan has been authorized to build 12 farm-to-market roads in several main agricultural areas.

World Returns to Plentiful Supplies of Coffee After Poor Year

The world coffee crop to be marketed largely in the 1965-66 coffee marketing year (October-September) is now expected to be the largest since 1959-60, thus bringing back the rather heavy world surplus situation that prevailed before the low output of 1964-65.

The USDA's Foreign Agricultural Service last week estimated that the total world crop would reach a level of 76.8 million bags (of 132.3 lb. each) as compared with 51.8 million in 1964-65. Exportable production—the difference between total production and domestic consumption—is estimated at 62.0 million bags as compared with 37.2 million last year.

Reflecting at its August meeting its members' concern over mounting world supplies, the International Coffee Council (ICC) moved to tighten the International Coffee Agreement (ICA) so as to protect its members against any increased imports from nonmember countries. And, most important, it also moved to take steps to limit the increasing world production.

Basis for the forthcoming crop record

The crop in Brazil is now expected to total about 33 million bags, more than three times the size of the 1964-65 crop of 10 million, which was heavily damaged by drought and frost. This rise has occurred despite that country's tree-eradication and crop-diversification program and its removal of more than a half billion trees between 1962 and 1964.

Another reason for the continuing surplus production situation is the increasing output in almost all producing countries. In North America (including Central America and the Caribbean) and Africa, the crop is expected to be up about 8 percent in 1965-66; in South America, it will more than double, owing to the Brazilian recovery. In Africa, the Ivory Coast—world's third largest producer—is anticipating a record crop. The only area where production will be down even slightly is Asia and Oceania, providing less than 6 percent of the global total.

Stocks in importing countries are down considerably from their high levels of a year ago. This reduction was due to higher price levels and to the necessity for producing countries to hold back exports in order to meet their quota obligations under the ICA. This has meant a tendency for producing countries' stocks to increase.

What the International Coffee Council is doing

Recent months have been important ones for the ICA. In May, the United States became a full participant, after Congress passed, and the President signed, the necessary implementing legislation. In August, the ICC reviewed the Agreement's functioning, as directed in article 72 of that document. In this meeting, the ICC asked that its importing members immediately prepare their programs for limiting purchases from nonmembers if member countries' share of the world market drops to less than 95 percent.

However, another decision made at the same meeting—to establish world production goals—was still more important, for on its success will probably depend the future of the ICA. To point up the problem, there are now 23 producing countries seeking larger quotas because of "surplus" production. To study the problem of individual country and global quotas, the ICC resolved to set up a working group, to report to its Executive Board by November 1, 1965. This working group will submit its recommendations for production goals and a policy on stocks.

The review of the Agreement revealed that, in general, member countries were pleased with it and outspokenly optimistic as to its future prospects. A few disquieting voices pointed out, however, that a large part of the credit for the Agreement's success in firming and stabilizing coffee prices to date should go to the small crop in Brazil in 1964-65. These same voices were pessimistic as to the future of the pact unless something is done soon to check increasing world production. Otherwise, they warned, the stocks that are tending to build up in the producing countries will, like water behind a dam, eventually overflow or break that dam, which in this case is the ICA itself.

—ALVIN E. GILBERT
Sugar and Tropical Products Division

Glossary of the World's Vegetable Fibers: Bast Fibers

So numerous are the world's vegetable fibers (excluding cotton) and so confusing is their terminology that we are presenting in this, and the following two issues, a glossary of the three groups: bast fibers, leaf fibers, and miscellaneous. This material appeared in more detail in the 1964 USDA Yearbook, Farmer's World, *and was prepared by* Cecille M. Protzman, *Sugar and Tropical Products Division, Foreign Agricultural Service.*

Bast, or stem, fibers have been used in Europe and Egypt for nearly 5,000 years. Soft, pliable, and fine, they are commonly known as textile fibers, and they fall into two groups: those such as flax, ramie, and hemp that are spun into yarn and woven into fabrics for clothing, household, and industrial uses, and a second group—jute, kenaf, sunn—that is woven into coarser fabrics for bagging and protective coverings. Most bast fibers are also used in threads, twines, and cordage.

The plants which produce these fibers are usually grown from seed and thrive in temperate to tropical climates. The fiber, which lies beneath the outer bark, gives strength and flexibility to the stem and is separated by some natural or chemical retting (or rotting) process. After it has been scraped, washed, straightened, and dried, it is baled for marketing.

JUTE is the most widely used of the long vegetable fibers and is second only to cotton among all the natural fibers; in fact, wherever bulky strong fabrics and twines are required, jute is almost universally accepted because of its relatively low unit price.

Its main uses are for items that support or protect other goods—in burlaps, sacking, bagging, support webbings, twines, and felts. More and more it is employed as backing cloth for carpets, linoleum, and oilcloth, and with other fibers for carpets, rugs, mattings, curtain and upholstery fabrics. Its oldest use—cordage—still exists in twines, small cordage, thread for carpets and rugs, and core material for various cables.

Though an ancient fiber, jute entered the commercial world later than most other commonly used fibers. Several varieties are grown in many countries, but the rich alluvial soils in northeastern India and East Pakistan lend themselves best to extensive production. About 2 million acres of jute are grown in each of these two countries, which together in 1964 produced 4,800 million pounds, or 94 percent of the world crop. Brazil ranked third with 100 million pounds.

KENAF and ROSELLE are known also as mesta, Deccan hemp, Ambari hemp, Bimlipatam jute, and Bombay hemp. Similar to jute in structure, they are its chief competitors, except that they are coarser and cannot compete with the best grades of jute. Their use is largely in bagging materials, and has been increasing, especially in years when jute prices are high.

India is the principal producer of these two fibers, but because they are more adaptable to a greater variety of growing conditions than jute, they are also grown in warm climatic areas of Asia, Africa, and the Americas. World production is hard to estimate because many countries do not report how much of the fibers they grow.

FLAX, the oldest of the vegetable fibers to be spun and woven into cloth, was used by the prehistoric lake dwellers of Switzerland, and gossamer linens, finer than any known today, were discovered in ancient Egyptian tombs. From Egypt the art of flax-weaving spread slowly to India, Europe, and eventually to the Western Hemisphere. After the invention of the cotton gin, flax lost to cotton its priority among textile fibers.

A long, soft, fine, and lustrous fiber, flax for centuries was used for household linens and clothing. Today it still has the same uses but to a very limited extent and mainly in the flax-producing countries. Because of its strength the fiber is still in strong demand for threads, harness, sacking, and parachute harness webbings.

World production of flax, other than the Chinese output, was estimated at 1.5 billion pounds in 1964. The Soviet Union, the largest producer, is averaging slightly under 1 billion pounds a year. Poland, Belgium, France, and the Netherlands are also important producers, and of these Belgium is particularly noted for the high quality of its retted fiber because of the peculiarly favorable characteristics of the River Lys, which is used for retting the straw. Northern Ireland and the Irish Republic, which once had flourishing flax-growing industries, now import almost all of the flax used in the famous Irish linens.

HEMP, originating in central Asia, is nearly as old as flax and is more like it than any of the other vegetable fibers. Ranging from 40 to 80 inches long, it is lustrous and pliable, and while stronger and more durable than flax, it is less fine; consequently, it is more adapted to cordage than to clothing and fine linens.

Hemp was the first cordage fiber, and as a result, the word "hemp" is often applied to other cordage fibers that are not hemp at all but hard fibers quite different from the soft true hemp. Furthermore, if a prefixed name is not used, such as "sisal hemp," or "New Zealand hamp," statistics become hopelessly confused.

Still mainly a cordage fiber, hemp has changed its uses with changing conditions. It was the chief fiber for marine cordage until abaca came into use in the 19th century; in fact, the modern "hemp" ropes are usually made of such hard fibers as abaca, sisal, henequen, or something similar. Today hemp is used for small tarred ropes, nets, canvas, warps of carpeting, and twines.

The Soviet Union, which ranks first in hemp production, manufacture, and consumption, produces about 250 million pounds of scutched hemp fiber a year, out of a world total of about 625 million pounds. Yugoslavia, Turkey, and Italy also produce large quantities. Italian hemp is considered the best in quailty.

RAMIE, RHEA, or Chinagrass belongs to the nettle family and is a lustrous, white, silky, fiber. It has been known since ancient times. The white ramie was first recognized in fabrics exported from China to England as China grass cloth. This species is also common in Taiwan and India. The green ramie, distinguished by the color of the undersides of its leaves, is often called rhea and is

a more tropical and less hardy plant, growing mostly in Malaya, Africa, Mexico, and the East Indies.

Nearly as fine as flax, ramie is stronger than other natural textile fibers. Because it is difficult to separate from the stem, it cannot be obtained by water retting, like jute, but must undergo a chemical process.

Ramie fiber is manufactured mostly into fabrics in mixture with cotton, wool, silk, or manmade fibers. It has other uses also. In China, where it is prepared almost entirely by hand as a home industry, it is made into clothing, mosquito nets, and fish nets. The Japanese make it into seine twines, nets, and clothing, and in Germany its uses range from shoe threads to tapestries.

Most of the commercial ramie production is in southern China, and about half the production is exported. The Philippines and other Asian countries also produce commercial quantities.

MALVACEOUS FIBERS are obtained from the stems of many species of hibiscus, sida, and other groups of plants. Most of them resemble jute in appearance, performance, and methods of cultivation. Kenaf and Roselle (already mentioned) are the most generally known, with *Urena* next in importance.

Indigenous to China, *Urena lobata* grows wild in many countries of the world and under many different names. In Congo (Leopoldville) where it is grown commercially and exported it is called Congo jute. Brazil also grows *Urena* commercially but uses it all domestically for coffee bags. Its general uses are in cordage, bags, packing materials, sailcloth, and handmade twines. Importing countries use it as they do jute.

Other malvaceous fibers grown to a limited extent and generally suited to cordage, bagging, and coarse cloths include the common okra of India, Indian hemp native to the United States, and Brazil's native pacopaco. The sida fibers, of which there are several, are used in various countries but rarely exported. The fibers obtained from the stinging nettles were once commonly used for cloth in Europe but were crowded out by cotton.

TREE FIBERS include the paper mulberry fiber, from which the South Sea Islanders make a fabric known variously as tapa, kapa, or masi, without first spinning or weaving it. In Japan it is used in papermaking.

Indians Succeed in Making Cheese From Buffalo Milk

Now underway in India is the first sustained commercial manufacture of cheese there, and probably the first successful large-scale manufacture of cheese from buffalo milk anywhere in the world.

Responsible for this innovation is the Kaira District Co-operative Milk Producers Union at Anand, about 250 miles north of Bombay—the largest and most successful co-op in India. The cheese it produces, called "Amul," is a modified Cheddar, blended and processed, that has been aged 4 to 8 months.

During World War II an attempt was made in India to manufacture cheese from buffalo milk for the armed forces, but the product was not satisfactory. In more recent years other attempts were made, following the same processes as with cow's milk, but these all resulted in extremely dry-bodied hard cheese which developed virtually no flavor.

At length these problems were solved by salting the cheese halfway through manufacture and by using higher ripening temperatures. The Union produced about 9 metric tons of experimental cheese in 1961, about 27 in 1962, and 77 in 1963. In February 1964, it began sustained commercial manufacture. Production that year totaled 150 tons, and in 1965 the Union expects 300.

Outside of small quantities of cheese imported commercially, as well as substantial quantities from the United States brought in from time to time for relief purposes, Amul cheese is the only cheese on the Indian market. It sells for Rs.3.70 per tin of 400 grams wholesale and Rs.5.00 retail in Bombay including 7 percent tax; this is the equivalent of $1.19 per pound.

The Kaira Union, with Verghese Kurien—a Michigan State University graduate—as general manager, collects about 133 million pounds of milk per year from the 70,000 farmers belonging to its 393 affiliated village milk-producer co-ops. Close to 265,000 pounds of this it pasteurizes and delivers to the cities of Bombay and Baroda. From the rest, it produces butter (its output of 3,500 tons is the largest in India), baby food, whole milk powder, and now cheese.

To step up the milk production end of its operations, the Union recently built a feed-mixing plant which will provide its farmer-members with nutritionally balanced concentrates. And to increase processing efficiency, it is doubling the capacity of its milk processing plant.

Of India's total milk production, roughly estimated at 53 billion pounds per year, buffaloes supply over 29 million tons, cows less than 22 million, and goats the rest. About 40 percent of the milk supply is consumed in liquid form and close to another 40 percent converted into ghee or clarified melted butter, leaving only 20 percent for all other dairy products.

However, as a result of improving transport facilities and the setting up of more plants like the one at Anand, for the processing of milk and the mechanized manufacture of dairy products, a change is gradually taking place in the pattern of milk utilization. The consumption of fluid milk is increasing, and Western-style dairy foods like table butter and ice cream are gaining in popularity.

Now adding to the supply of fluid milk for the large cities (which is limited by a very low average yield per cow) are substantial quantities of "toned" milk, which is made by mixing imported nonfat milk powder with buffalo milk and water. Since buffalo milk has the unusually high butterfat content of 8 percent, this "toned" mixture can be made to yield an expanded supply of milk with a content of butterfat and nonfat milk solids more like that of standard cow's milk. Much of the milk powder is imported commercially, but considerable quantities also are contributed by USDA under private relief programs.

Prepared by Robert B. Evans, U.S. Agricultural Officer, Bombay, India, with the assistance of information supplied by D. R. Gulati, Office of the U.S. Agricultural Attaché, New Delhi.

U.S. Market Potential in Sudan's Growing Dairy Imports

By W. L. PHILLIPSEN
Dairy and Poultry Division, FAS

First direct commercial shipments of U.S. butter and cheese to the Sudan last year—and the country's steadily growing total imports of dairy products—are important indications of the country's potential as a U.S. market. The Sudan's foreign exchange situation (now strengthening) and greater sales and promotional efforts by the U.S. dairy industry could result in fairly rapid increases in the U.S. dairy industries' share of this growing market, even though imports from this country have been small in the past.

Sudanese dairy product imports have increased fivefold during the past 5 years, going from 412.6 metric tons in 1960 to 2,086.6 in 1964. It is probable they would have risen more had not a short cotton crop, the Sudan's major earner of foreign exchange, in the past 2 years temporarily checked the country's strengthening economy.

The Sudan has shown good capacity for economic growth, and the government has attempted to follow a policy of fiscal responsibility. While there has been political instability in the past, recent elections seem to indicate a more stable government for the future. This in turn should have a favorable effect on overall economic development. As foreign exchange becomes more plentiful and increased income from oilseeds and semitropical crops boosts demand for processed foods, the Sudan can become a good commercial market for a number of imported dairy products.

Agricultural output up

Using 1952-54 as a base, the Sudan's agricultural production increased 50 percent through 1964. This compared with an increase of 37 percent for all of Africa during this period. On a per capita basis, the Sudan's agricultural production rose 10 percent during the same time—two points over per capita production for the continent as a whole.

The Sudan covers an area of about 967,500 square miles, about 40 percent of which is desert. About 8 million acres are under cultivation, with 2½ million acres irrigated. With projects underway to improve transportation and provide water to more areas, it is estimated that 80 million to 100 million additional acres can be quite profitably cultivated.

Source of foreign exchange

Because the Sudan's exports are primarily agricultural, the country's ability to produce and sell increasing quantities of such products as cotton, gum arabic, sesame, peanuts, and cottonseed will strongly influence the total foreign exchange available. Substantial progress in increasing production of these crops has already been reflected in increased dairy imports in recent years and indicates potential for further progress.

An analysis of population and income also indicates a rising future demand for dairy products. At present, the population is estimated at about 13 million, with an annual rate of population growth of 2.8 percent. It is generally agreed that over 50 percent of the population has no money in-

Three of the ways milk is sold in the Sudan: house-to-house by "donkey boy," the Belgravia dairy's truck at Khartoum; at milk stalls in the "souks," or marketplaces.

come and that barter holds a significant place in the economy. In spite of the large number with no income, in 1964 the mean per capita income was estimated to be one of the highest on the African Continent. The rate of growth in per capita gross national product is more than triple that for the rest of Africa—increasing 32 percent during the 1959 to 1963 period as compared with an average of 10 percent for the rest of the continent.

Dairy products popular

The Sudanese like dairy products. It is not unusual for a man making 20 piasters (57 U.S. cents) a day to spend one-third of his daily wage for a liter of milk. In fact, milk and milk products provide more of the daily caloric consumption in the Sudan than in any other northern African country, providing 196 calories of the 2,170 total average consumption in the Sudan compared with only 111 calories of the 2,210 total average consumption for all North African countries.

To date, local production has been unable to meet demand despite the substantial inducement to higher output provided by high import duties.

There are no current statistics on the livestock population of the Sudan, nor on total milk production. However, based upon information compiled by the Agency for International Development and discussions with dairy people, it is estimated that the annual production of milk entering commercial channels is about 614 million pounds. Most of this is cow's milk, but sheep, goats, and camels also contribute to the milk supply.

Most of the commercial sales of milk in the cities and towns are made by "donkey boys" with house-to-house delivery into the customer's own container. There are, however, some processing facilities, and it is possible to buy bottled milk in Khartoum, delivered by truck.

The largest privately owned dairy plant in Khartoum, the Belgravia, produces its own milk. Its herd of 400 milk cows, made up of native Zebu cows bred to Holstein, Ayrshire, and Guernsey bulls, is milked three times a day. Last year, production per cow averaged almost 5,000 pounds. Hand bottle fillers are used, and the milk is not pasteurized. Butter is produced in a hand churn, and hand-filled ice cream cups are frozen in a standard chest-type deep freeze. The products are delivered by truck twice a day.

The Sudan has three other small commercial milk plants: one at Khartoum North, producing butter; one at Ed Dueim, producing cheese; and a small butter, cheese, and fluid milk plant at El Obeid.

The Sudan Ministry of Animal Resources owns a milk plant at The Sudan and U.S. Demonstration and Research Center, Khartoum. (Also known as the Kuku Livestock and Poultry Scheme.) Equipped by AID and built with counterpart funds, the plant is designed to process the milk produced on the AID project farm. At the present time, it is pasteurizing and bottling milk and manufacturing butter, white cottage and Cheddar cheeses. In addition, the Sudan Government will soon own a milk-drying plant at Babanusa. Presently being constructed under the USSR aid program, it will have a capacity of 55,000 pounds per day.

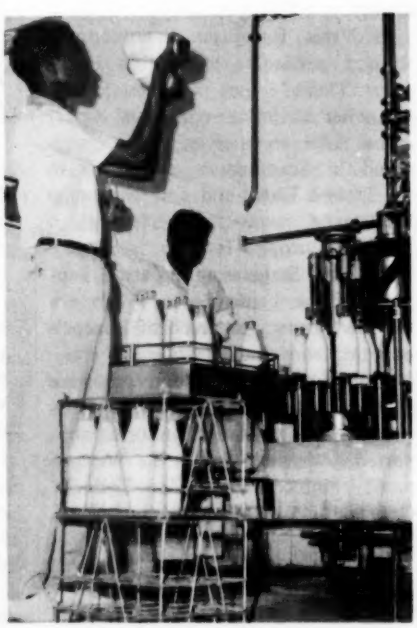
Milk collection system needed

Limited milk-processing facilities are not the main reason the Sudan is not self-sufficient in dairy product production, however. It is obvious that, until some method is devised to collect milk from nomadic cattle owners, little progress can be made in increasing the milk supply. Due to distribution of rainfall, the normal movement of herds from one season to the next approximates 500 miles. This means either a system of roads must be built, or cattle must be kept on irrigated land with dairy-processing plants built close by. Since collection centers to serve constantly moving herds are not feasible, and alternative agricultural uses of irrigated land are usually more profitable than dairying, large increases in dairy production will probably not materialize in the near future.

The food business is almost exclusively in the realm of private enterprise, except for certain large indus-

(Continued on page 16)

At Kuku plant: (below) milk is weighed, then processed; (r) bottle-capping machine.



The leather ballet, above, consistently drew crowds (above right). European leather buyers (r.) appraise U.S. skins.

A Hit in Paris, U.S. Leather Goods And Leather Go Next to London

American leather and leather goods —recently a star attraction in Paris at the Semaine du Cuir, Europe's biggest leather goods exhibition—will be featured again next week, October 11-15, in London at the U.S. Trade Center.

In Paris, European manufacturers showed particular interest in handsewn "loafer" types of shoes, long a big seller to leisure-conscious Americans. This shoe style, which originated in Scandinavia, emigrated to the United States and now is moving back as a strong new influence on Western Europe's footwear generally. The United States is an important supplier of the cattle hides which are the raw product of much of Europe's booming shoe industry.

U.S. leather and leather goods were effectively dramatized at the Paris show where 81 American firms supported or participated in the Western motif exhibit presented by Tanners' Council of America, Inc., and FAS.

Leather ballet is show-stopper

Hit of the entire exhibition was a U.S. leather garment style show, set to the music of Aaron Copland and presented in dance form by professional Parisian dancers. This "leather ballet" was presented at intervals each day of the show and drew capacity crowds from the 110,000 trade and industry people who came from all over the world to attend the exhibition.

Behind the U.S. leather promotion in Paris and London lies the fact that Europe's demand for leather has grown steadily in recent years, particularly for use in making shoes. European manufacturers are expected to turn out over 500 million pairs of shoes, with leather uppers, in 1966. Accessories made of leather continue to hold their high popularity.

U.S. cattle hides are an important source of Europe's leather. During the first half of 1965, the U.S. exported 6.7 million cattle hides, of which the Netherlands alone took well over 900,000. (Japan was the leading buyer at 1.9 million.) U.S. exports of cattle hides for the full year 1965 may exceed 13 million, or about one-third of the Nation's cattle hide production, according to trade estimates.

U.S. success in exporting cattle hides, in raw form and as leather, is a product of "prosperity plus promotion." Foreign consumers have more money with which to buy leather goods; the U.S. industry is actively promoting its exports.

At the Paris show, U.S. representatives stressed the quality, supply, and variety of U.S. leathers. One trade official commented, "Why transport U.S. raw hides 4,000 miles when the real interest of European shoe and leather goods manufacturers lies in tanned leather?"

Numerous sales inquiries

U.S. leather representatives were enthusiastic over trade contacts made at the international show. Some reported sales inquiries even larger than they were equipped to handle.

The new manmade replacements for leather were not regarded at this time as an active threat to U.S. leather sales to Europe. "Leather has the image of the genuine," said one trade official. But he also pointed out that the new generation of young people now growing up will be so accustomed to manmade materials that the favorable image held by natural materials can slip away, unless sustained by constant education and promotion.

U.S. Official Notes New Trends in Utilization Of Soybeans in Japan, Predicts Rising Demand

Japan's imports of U.S. soybeans in 1965 are likely to be about the same or slightly above those of 1964, in the neighborhood of 1.3 million metric tons. For the first 6 months of this year, imports from the United States were down slightly (4 percent) from the first half of 1964, due in part to the U.S. shipping strike earlier in the year. Total imports in the first half were up by 6 percent, meaning that Mainland China—the other supplier—had increased its sales. We would expect that Japan's imports from China during the year will total about 350,000 metric tons.

Japan's domestic production of soybeans declines each year. On the other hand, requirements for soybeans for food and feed are going up—indicating an increased reliance on imports.

Japan's imports of soybeans—in total and from the United States—have increased each year since 1956, although the U.S. share of total imports has fluctuated.

In 1957 we supplied 75 percent of the total, in 1960, 97 percent. When China resumed soybean exports to Japan in 1962, the U.S. share began declining and was 83 percent of the total in 1964.

Japan's per capita consumption of fats and oils (mostly soybean oil) has been increasing about 10 percent annually (although the increase in 1964 was down to 6 percent). The per capita intake of fats and oils is still below recommended levels.

The demand for soybean meal is showing a steady increase. In supplying the demand, for meal processors are building up substantial inventories of oil. If the soybean processing industry of Japan is to achieve stability, it must find further outlets for the oil which will be produced as the demand for soybean meal is accommodated. This presents a challenge to the industry, and to the promotional program in Japan of the American Soybean Association through the Japanese-American Soybean Institute.

The ASA can look with pride on the results of almost 10 years of market promotion in Japan, in cooperation with the Japanese industry. The program has had a significant role in the doubling of Japan's imports of soybeans since 1956. A specific accomplishment was the demonstration that American soybeans could be successfully used in producing Japan's traditional *miso* and *tofu*. This acceptance led to an expanded market for our product.

As for the future direction of the program, we should be guided in our efforts by these realities:

- The demand for soybean meal will continue to increase.
- Additional outlets need to be found for soybean oil if Japan's total utilization of soybeans is to be kept in balance.
- Consumption of the traditional Japanese soybean foods—*miso*, *tofu*, and *shoyu*—has leveled off and may begin to decline as the shift in diet continues.

The soft spot in the potential magnitude of Japanese soybean consumption may well be the level of oil consumption. The level needs to be raised substantially. The ASA promotion program has, of course, been emphasizing soybean oil continuously in its educational work with consumers and institutions. With the sharply rising demand for meal, the aggressive promotion of oil consumption becomes a matter of top priority. In such an accelerated campaign we would hope for the whole-hearted cooperation of the Japanese processors, who obviously stand to gain so much from its success.

The promotion of soybean meal for feed should certainly be continued. We would like to see the meal demand pull the soybean import requirements up, even though it does pose the problem—perhaps we should say opportunity—of disposing of the oil.

Excerpts from a speech by Joseph C. Dodson, until recently U.S. Agricultural Attaché in Tokyo, before the annual convention of the American Soybean Association in Memphis.

Subsidy on U.S. Poultry to Switzerland, Austria

Secretary of Agriculture Orville L. Freeman last week moved to regain for the United States its traditional share of chickens imported by Switzerland and Austria.

Export payments, the Secretary said, will be made on whole, frozen, ready-to-cook USDA grade A chickens shipped to the two countries. This includes whole broilers, fryers, roasters, and stewing hens, with or without giblets.

Any U.S. exporter of chickens qualifying under the terms set forth in the Federal Register under Announcement PY-29, entitled "Chicken Payment Program GMX-73a," will be eligible to participate.

"The United States had built up a large volume of poultry sales in Switzerland and Austria through vigorous market promotion effort," Secretary Freeman said.

"But in recent years U.S. sales declined sharply as a number of European countries began subsidizing their chicken exports to Switzerland and Austria. With large subsidies, these exporting countries can undersell efficiently produced U.S. poultry, which has been exported up to now without the aid of a subsidy."

The Secretary continued, "The United States would much prefer to compete in world market on the basis of efficient production. For the past 10 months, U.S. officials have taken part in bilateral and multilateral discussions in an effort to persuade European exporting countries to discontinue or modify their own subsidy practices. However, to date the discussions have not yielded results. Therefore, until the United States and other exporters can arrive at a mutually satisfactory solution, the only practicable answer to the problem appears to be a limited U.S. subsidy program."

U.S. chicken sales to Switzerland, virtually nonexistent in 1955, hit a peak of 23 million pounds in 1961 as a result of vigorous market promotion by the Institute of American Poultry Industries, supported by the industry's International Trade Development Board, in cooperation with FAS. But U.S. sales dropped to 7.2 million pounds in 1964 as Switzerland turned to low-priced subsidized European chickens.

In Austria, U.S. sales, at 3.2 million pounds in 1963, fell to only 1.7 million pounds the following year.

Grain Stocks Decline in Principal Exporting Countries

Total grain stocks in the United States, Canada, Argentina, and Australia on July 1, 1965, were down 11 percent from a year earlier—the lowest level since 1955. The estimated total of 126 million short tons of wheat, rye, barley, oats, and corn for the current season is 15 million tons below stocks on July 1, 1964. A 19-percent decrease in U.S. corn stocks was main reason for this decline.

A detailed table and analysis appeared in the September issue of the *World Agricultural Production and Trade: Statistical Report.*

World Bread Grain Production a Near-Record

World production of bread grains in 1965, forecast at 280 million metric tons, will be second only to the record 284-million-ton crop of 1964.

The prospective world wheat crop, forecast at 9,108 million bushels, is 2 percent below the 1964 record harvest. The U.S. crop estimate of 1,358 million bushels is second to the record 1958 production, and Canada's forecast of 760 million bushels is a new record. Western Europe's wheat production is 3 percent higher than last year, while that of Eastern Europe is moderately higher. The crop in the Soviet Union is some 15 to 20 percent below the 1964 harvest. Production in the Middle East is up 8 percent.

World rye production, estimated at 570 million bushels, exceeded that of 1964 by 3 percent. Rye crops were significantly larger in the USSR, Poland, and Canada. Western Europe's rye production was down 15 percent.

A detailed table and analysis appeared in the September issue of the *World Agricultural Production and Trade: Statistical Report.*

Chilean Recombined Milk Plant To Be Reopened

The Corporación de Fomento de la Producción (CORFO) and the Empresa de Comercio Agricola (ECA) have formed a society to reopen the Suprema recombined milk plant in Santiago, Chile. ECA will supply the raw material and technical assistance to operate the dairy plant, while CORFO will be in charge of the supervision. When operations resume, it is estimated that the Suprema plant will produce 80,000 liters of recombined milk daily.

Prior to the time it stopped operations, in December, 1963, it was one of the dairy plants cooperating with the Dairy Society International-Foreign Agricultural Service market development program in Chile. It is expected that the reopening of Suprema will give added impetus to Chile's imports of nonfat dried milk and butter.

Chile's 1964 imports of dairy products consisted mainly of dried milk products and butter from the United States.

Brazil Moves To Protect Foreign Coffee Importers

The Brazilian Coffee Institute (IBC) recently issued a resolution to protect foreign importers against any price declines which might occur as a result of changes in Brazil's minimum export (registration) price.

This resolution (No. 341, dated September 1, 1965) guarantees importers of Brazilian coffee the benefit of any decrease in the minimum price which occurs within 45 days of their purchase at the higher prices. The difference between the two prices will be credited to the account of the purchaser in the Bank of Brazil and may be used for further purchases through normal commercial channels.

This action followed, by about a week, a decrease of 1 cent per pound in Brazil's minimum export price. Apparently it was meant to reassure foreign importers that they could buy freely without having to be concerned that any further decrease in the minimum export price would leave them holding higher priced coffee. Both moves should help to check the decline in Brazil's share of the world coffee export market and also mean slightly lower prices to importers and consumers of Brazilian coffee.

Japan Imports More Soybeans and Meal, Less Safflower

Japan's imports of soybeans and soybean meal during January-June 1965 increased from those in the comparable period of last year, but imports of safflowerseed declined.

JAPAN'S IMPORTS OF SOYBEANS, SAFFLOWERSEED, AND SOYBEAN MEAL

Commodity and major source	1964		January-June			
			1964		1965	
	Quantity	Value	Quantity	Value	Quantity	Value
	1,000 metric tons	*Mil. dol.*	*1,000 metric tons*	*Mil. dol.*	*1,000 metric tons*	*Mil. dol.*
Soybeans	1,607.2	184.5	827.7	97.8	881.5	108.4
United States	1,322.5	153.9	674.5	81.1	647.9	80.6
Safflowerseed	199.4	21.7	102.4	11.2	38.6	4.6
United States	198.2	21.6	102.4	11.2	37.9	4.5
Soybean cake and meal	13.3	1.5	11.9	1.3	28.4	3.0
United States	13.2	1.5	11.9	1.3	28.3	3.0

Customs Bureau, Ministry of Finance.

Soybean imports, at 881,508 metric tons (32.4 mil. bu.), were 6 percent above those of January-June 1964. However, imports from the United States, at 647,862 tons (23.4 mil. bu.) or 73 percent of the total, were down 4 percent. The increase in total imports reflects larger takings from Communist China.

Imports of soybean cake and meal, virtually all from the United States, were 28,354 tons, or almost 2.4 times the tonnage imported last year.

Safflowerseed imports, also largely from the United States, declined to 38,597 tons from 102,425 in the comparable period of 1964 .

Brazil's Soybean Production at Record High

Brazil's 1964-65 soybean crop (harvested during February-May) is estimated by the trade at a record 16.6 million bushels, which is almost 50 percent above last year's outturn and one-third above the 1955-59 average.

Users of soybeans, including exporters, have so far purchased 12.7 million bushels of the 14.9-million-bushel crop of the Rio Grande do Sul and 0.6 million of Paraná's 1.1-million-bushel crop. While the export quota for beans is 5.5 million bushels, exports are not expected to reach that

volume because of high internal prices and a large local consumption of oil and meal. No beans were exported in 1964.

Production in 1965-66 may not reach this year's record. Southern Brazil is suffering the heaviest precipitation of the last 15 years, with crop and property damage in the millions of dollars. This has delayed the normal preparation of the land for planting, and actual planting may not be possible until the end of October and early November. Another factor that could adversely affect production in 1965-66 is the fact that the high prices farmers are receiving for beans for commercial consumption may result in a shortage of seed for planting.

Suez Canal Shipments Increase Somewhat in July

July shipments of oil-bearing materials northbound through the Suez Canal, at 72,075 metric tons, were 4,750 tons above the low volume shipped in June. The gain, reflecting increased movements of soybeans and copra, was partly offset by declines for most other categories.

NORTHBOUND SHIPMENTS OF OIL-BEARING MATERIALS THROUGH THE SUEZ CANAL

Item	July		October-July	
	1964	1965	1963-64	1964-65
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans [1]	50,467	20,466	110,575	178,499
Copra	53,233	31,572	668,785	564,244
Peanuts	12,368	8,520	183,919	166,057
Cottonseed	7,739	4,783	105,731	105,444
Flaxseed [2]	2,551	377	32,252	21,025
Castorbeans	1,828	444	66,649	23,788
Palm kernels	2,370	1,502	38,318	24,755
Others	5,911	4,361	95,225	104,443
Total	136,467	72,075	1,307,454	1,188,255

[1] 1 metric ton of soybeans = 36.7 bu. [2] 1 metric ton of flaxseed = 39.4 bu.

Suez Canal Authority, Cairo, Egypt.

Cumulative shipments in the 10-month period, October 1, 1964, through July 31, 1965, amounted to about 1.2 million tons, or 183,199 and 192,242 tons below the like periods of 1963-64 and 1962-63. Soybeans was the only category to register any substantial increase.

NORTHBOUND SHIPMENTS OF SOYBEANS THROUGH THE SUEZ CANAL

Month and quarter	Year beginning October 1				
	1960	1961	1962	1963	1964
	1,000 bushels	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*
July	184	180	1,070	1,874	752
August	1,470	1	331	1,732	—
September	1,102	146	184	519	—
October-December	919	919	12	19	1,604
January-March	6,062	4,082	1,328	1,484	2,826
April-June	1,213	239	573	706	1,376
July-September	2,756	327	1,585	4,106	—
October-September	10,950	5,567	3,498	6,315	—

Totals computed from unrounded numbers.
Suez Canal Authority, Cairo, Egypt.

Soybean shipments through the canal from Mainland China in July increased to 752,000 bushels from only 72,200 bushels in June. Shipments in the 10-month cumulative period ending July 31, 1965, amounted to nearly 6.6 million bushels, or significantly above the 4.1 million and 3.0 million bushels shipped in the corresponding 10 months of 1963-64 and 1962-63, respectively.

Swedish Rapeseed Exports Increase

Sweden's exports of rapeseed during the first 6 months of 1965 totaled 32,835 short tons, or about 90 percent above the 17,340 tons exported in the like period of 1964. Major destinations for exports in the first 6 months of this year were West Germany, Italy, and Poland. Average annual exports in the 1960-64 period were 28,045 tons compared with 41,251 in the 1955-59 period.

Rapeseed oil exports in the first half of 1965, at 8,579 tons, were markedly above the 4,403 tons exported in the comparable period of last year. Most of the total this year moved to the Netherlands, Czechoslovakia, and West Germany. Annual oil exports for the 1960-64 period averaged 12,033 tons against 11,742 in 1955-59.

Prices for rapeseed and oil, basis Europe, have eased somewhat in recent weeks, in part reflecting anticipation of increased availabilities from new-crop seed. Future price movements will to a large extent depend on Canadian harvesting, which is expected to gain significantly this year.

Malay States, Singapore Exports of Copra, Coconut Oil

Net exports of copra and coconut oil from the Malay States and Singapore during the first 7 months of 1965 totaled 8,052 long tons, oil basis, compared with 2,376 in January-July 1964.

Imports of copra, largely from Sabah, increased to 14,640 tons from 10,677 and exports of copra increased to 7,191 tons (of which India took 5,909) from 2,865.

Coconut oil exports during the January-July period totaled 15,372 tons. Major destinations were Canada 3,274 tons, Burma 2,200, North Vietnam, 2,116, and the Republic of South Africa 1,556. Exports of coconut oil in January-July 1964 totaled 7,808 tons. Imports of coconut oil increased to 2,552 tons from 431.

Brazil's Castorbean Production Down From 1964 Record

Brazil's production of castorbeans in 1965 is expected to be sharply below the alltime high of about 400,000 metric tons produced in 1964. Nevertheless, at the current estimate of about 250,000 to 275,000 tons, production would still be above that of any year prior to 1964.

Rainfall has been less favorable than in 1964, when it was virtually ideal in nearly all areas. However, while there may not have been much new planting last fall and this spring, the second and third crops, or "folhas," from the previous year's increased plantings will still be harvested in many areas. A trade source states that the main reason for a decline from last year is reduced plantings as a result of declining prices of beans and oil from last fall through June.

Increased rainfall, especially during the planting months and subsequent months until budding, plus expanded acreage resulted in a large increase in castorbean output in 1964, particularly in the State of Bahia in the northeast and the State of Paraná in the south. Rainfall appears to be the decisive factor determining production levels from year to year and is more of a critical factor in the northeast (producing 60-70 percent of Brazil's output) where castor is grown in the arid areas.

The increase in castorbean acreage in the northeastern States, where castor is grown in association with sisal, has been in conjunction with the increase in sisal acreage since

1961-62 when a minimum price support scheme for planting sisal was introduced. The new minimum price support scheme for the 1965-66 sisal crop is not expected to materially increase the castorbean acreage on new lands owing to the current oversupply of sisal. Rainfall, particularly in October and November (normally the heavy planting months), will probably be the decisive factor in determining 1966 output in the northeastern States of Brazil.

Philippine Copra and Coconut Oil Exports

Registered exports of copra from the Philippine Republic increased sharply in August to a preliminary 89,415 long tons from 63,118 in July and 64,875 in August 1964. The August shipments of copra were at the highest level so far this year. Coconut oil shipments also reached their highest level, 24,325 tons as against 18,980 in July and 20,741 in August 1964.

The combined exports of copra and coconut oil, oil-equivalent basis, during the first 8 months of the year totaled 445,082 tons compared with 438,158 in January-August 1964, an increase of 1.6 percent or 6,924 tons.

The copra export price in mid-September was US$182 per short ton c.i.f. Pacific Coast and US$206 to US$207 per long ton c.i.f. European ports. Local buying prices were reported at 56-57 pesos per 100 kilograms (US$14.32 to US$14.58) resecada-basis Manila, and 50-56 pesos (US$12.79 to US$14.32) in producing areas.

PHILIPPINE REGISTERED EXPORTS OF COPRA AND COCONUT OIL

Country or continent of destination	1964	January-August	
		1964 [1]	1965 [1]
Copra:	*Long tons*	*Long tons*	*Long tons*
United States	231,215	127,401	164,226
Europe	518,988	309,538	282,377
South America	26,800	4,500	6,500
Japan	29,880	14,300	16,200
Other Asia	500	500	500
Middle East	140	140	1,500
Total	807,523	456,379	471,303
Coconut oil:			
United States	182,736	121,383	106,704
Europe	41,286	23,849	36,744
South Africa	2,251	843	—
Japan	99	—	—
Total	226,372	146,075	143,448

[1] Preliminary.
Associated Steamship Lines, Inc., Manila.

Chile's Cigarette Output Up

Cigarette output in Chile during 1964 totaled 6,438 million pieces—up 1.9 percent from the 6,315 million produced in 1963 but still 3.8 percent below the 1962 high of 6,693 million.

Consumer demand for filter-tipped brands continued to grow and probably represented 20.0 percent of total sales, against 11.1 percent in 1963 and 7.3 percent in 1962.

Rhodesian Sales of Flue-cured and Burley

Auction sales of flue-cured tobacco on the Salisbury, Rhodesia, market averaged the equivalent of 22.6 U.S. cents per pound for the 27th week of sales, ended September 8. Sales for the week totaled 9.2 million pounds.

Season sales through the 27th week totaled 242.3 million pounds, at an average of 38.8 cents, compared with 269.7 million, at an average of 32.0 cents, for the comparable period last year.

Auction sales of burley tobacco at Salisbury for the 1964-65 season ended on September 8 with nearly 5.6 million pounds, sold at an average price of 25.9 cents. This compares with sales of 2.5 million pounds at 33.6 cents last year. The target for the 1965-66 crop has been set at 7.5 million pounds, to be grown on about 6,000 acres. This season about 5,500 acres were planted to burley.

West German Cigarette Output Rises

Cigarette output in West Germany (including West Berlin) continued to rise through the first half of 1965. Production amounted to 48.3 billion pieces and was 8.1 percent larger than the 44.7 billion produced in January-June 1964.

If the percentage rate of increase continues for the last half of 1965, output for the full calendar year may exceed slightly the 100-billion mark, compared with 94.4 billion produced in 1964.

Nicaraguan Cotton Crop Likely To Be Smaller

The 1965-66 cotton crop in Nicaragua may be substantially below the record crop of 550,000 bales (480 lb. net) in 1964-65, as the principal cotton producing areas of Nicaragua, Chinandega and Leon, have suffered from severe drought in recent months.

The area in cotton this season is estimated at about 330,000 acres, the same as in 1964-65. Substantially more area than this was planted, but the prolonged drought has made it virtually impossible to replant areas of thin plants. In addition, cotton which has survived the dry weather is not expected to yield as well as last year's crop. Some estimates place the 1965-66 crop as low as 460,000 bales.

Cotton exports of 402,000 bales in 1963-64 (August-July) were at a record high. While final trade statistics for 1964-65 are not available, indications are that exports exceeded 500,000 bales. In the first half of 1964-65 (August-January), exports amounted to 74,000 bales, compared with 49,000 in the same 1963-64 period. Principal destinations of the 1963-64 exports were Japan, West Germany, France, the United Kingdom, and the Netherlands.

Consumption by the two textile mills of Nicaragua amounted to 10,000 bales last season, up from 9,000 in 1963-64 and 7,000 in 1962-63. Cotton stocks in the country on August 1, 1965, were estimated at somewhat above 50,000 bales.

Prices of Nicaraguan cotton eased slightly during July and August. During August, Nicaraguan SM 1-1/16 inches cotton was quoted at 26.78 U.S. cents per pound, c.i.f. Liverpool, compared with an average of 28.84 cents for comparable U.S. cotton. Prices have firmed recently following announcement of an expected smaller harvest this season.

Israel Grows and Uses More Cotton

Israeli cotton production and consumption in 1964-65 continued the steady growth that has characterized the cotton industry since the first commercial crop in 1954-55.

The 1965-66 crop is estimated at a record 87,000 bales

(480 lb. net)—up 24 percent from the 70,000 bales produced in 1964-65 and 36 percent above average annual production of 64,000 bales in the past five seasons. Israel's increased production, 95 percent of which is American upland type, is attributed in large part to higher yields as a result of better production practices, favorable weather, and adequate irrigation water. (Nearly all the cotton is grown under irrigation.) Growers have had the added incentives of government subsidies as well as an expanding domestic market for textiles. In recent years, national average cotton yields in Israel have been the highest in the world.

Domestic cotton production is administered by the Cotton Production and Marketing Board. The Board distributes the government subsidy (equivalent to about 12 U.S. cents per pound in 1964-65), controls the cotton gins, administers low-interest loans to growers, and is the sole exporter. Further expansion in cotton production will depend largely on the availability of land and irrigation water and the continuation of government price supports. Growers receive an average price equivalent to 39.13 cents per pound for the 1964-65 crop.

Consumption of cotton during the current season is expected to exceed by about 5 percent the 108,000 bales used in 1964-65. This rise in consumption is attributed to increased domestic demand for textiles as well as increased exports of yarn and textiles.

Israel exported 13,000 bales of cotton in 1964-65 (mostly lower grades), of which 5,000 were taken by Yugoslavia, 5,000 by Poland, and small quantities by the United States and the United Kingdom.

Imports (all upland type) of raw cotton totaled 53,000 bales in 1964-65, 30,000 of which came from the United States. About 10,000 bales of this were under P.L. 480 barter arrangements. Mexico was the source for 9,000 bales and the United Kingdom 6,000 bales.

Stocks of cotton this season are not expected to change greatly from the estimated 23,000 bales on hand August 1, 1965.

Yugoslav Prune Crop Declines Sharply

Yugoslavia's 1965 dried prune pack has been tentatively estimated at 19,000 short tons. This is 15,000 tons smaller than the above-average 1964 pack of 34,000 tons and also well below the 5-year average of 29,300.

REGIONAL PRODUCTION OF DRIED PRUNES IN YUGOSLAVIA

Region	1962-63	1963-64	1964-65	Estimated 1965-66
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Serbia:				
Serbia Proper	14.4	13.6	21.3	---
Vojvodina	.2	.1	.1	---
Kosmet	.8	.4	.4	---
Total Serbia	15.4	14.1	21.8	11.5
Yugoslavia:				
Bosnia and Hercegovina	14.6	8.4	11.2	7.0
Montenegro	.2	.6	.1	.2
Croatia	.5	.5	.5	.4
Macedonia	.2	.2	.2	.4
Slovenia	.1	.2	.2	.2
Total Yugoslavia	31.0	24.0	34.0	19.0

Cold weather during blooming resulted in sharply reduced production of prunes and plums. Although the government of Yugoslavia has not yet released its official estimates of fresh or dried production, it appears that the year's prune and plum crop (fresh basis) was perhaps 40 percent less than in 1964. The 1965 yield per tree was reportedly about 15 pounds, fresh basis, as against 26 pounds in each of the 2 previous years.

Owing to a large carryover from the 1964 prune crop, Yugoslav exports of dried prunes in 1965-66 are not expected to decline too sharply. They may approximate 20,000 tons, as against the 22,000 believed to have been exported in 1964-65.

YUGOSLAVIA'S SUPPLY AND DISTRIBUTION OF DRIED PRUNES

Item	1963-64	Preliminary 1964-65	Forecast 1965-66
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Supply:			
Beginning stocks, Oct. 1	12.0	6.2	12.5
Production	24.0	34.0	19.0
Total supply	36.0	40.2	31.5
Distribution:			
Exports	24.3	22.0	20.0
Domestic disappearance	5.5	5.7	5.5
Ending stocks, Sept. 30	6.2	12.5	6.0
Total distribution	36.0	40.2	31.5

Exports during the first 6 months of the 1964-65 marketing season amounted to 16,850 short tons, or 12 percent less than the 19,112 tons exported in the corresponding period of 1963-64. The Soviet Bloc continues to be the main export market for Yugoslav dried prunes.

In the first 6 months of 1964-65, the Soviet Union, Czechoslovakia, Poland, and East Germany took 13,309 tons, or 80 percent of Yugoslavia's prune exports. In 1963-64, Soviet Bloc takings also represented 80 percent of Yugoslav exports. Other important Yugoslav customers were Italy 1,148 tons, West Germany 800, Austria 543, Denmark 429, and the United Kingdom 250.

Spanish Exports of Fig Paste Increasing

Spanish exports of fig paste rose from 1,650 short tons in 1963-64 (September-August) to 2,122 tons in 1964-65 according to industry data. Supplies available for export during the 1965-66 season are reported to be somewhat higher than a year earlier. About 95 percent of Spain's fig paste exports go to the United States.

Spanish Production of Raisins, Dried Apricots

Spain's 1965 raisin pack is estimated to be down from the 1964 level, but its dried apricot pack is larger. The Spanish raisin crop is estimated at 11,000 short tons. This would be about 13 percent below the 12,700-ton 1964 crop and 9 percent below the 12,000-ton average production for 1959-63. Both the Malaga and Denia crops, at 6,500 and 4,500 tons respectively, are below their 1964 levels of 7,700 and 5,000 tons respectively.

According to industry data, exports for the September 1964-August 1965 season totaled 4,866 tons—down about 1,000 tons from 5,872 in 1963-64.

Spain's 1965 dried apricot pack is estimated at 3,300 tons, well above the 2,200-ton 1964 production and the 2,000-ton 1959-63 average. Because of the small 1964 pack, exports for the 1964-65 (September-August) season totaled only 1,744 tons, compared with 3,263 during 1963-64.

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U.S. Dairy Market Potential in Sudan

(Continued from page 9)

tries whose capital requirements make financing difficult.

Generally, all exports to the Sudan are subject to import licensing. Licenses are obtained from the Sudanese Ministry of Commerce, Industry, Supply, and Cooperation. There are no special restrictions against importing from the dollar area, and dairy products, with the exception of cheese, are all in the "open general license" classification, which means that they are considered to be essential. Because imported cheese is considered to be competitive with local industry, licensing for it is more limited. This policy has created a scarcity of cheese and has established very high prices for the product.

The largest single deterrent to importation of dairy products into the Sudan is the high ad valorem (c.i.f. value) duties on dairy products.

Ranging from a minimum of 25 percent for nonfat dry milk to a maximum of 80 percent for cheese, these duties contribute substantially to the high retail prices for dairy products currently prevailing in the Sudan.

However, since these rates also apply to our major competitors, the Netherlands, Denmark, and the United Kingdom, our relative competitive position is not determined by the prevailing duties. Rather, our potential for obtaining a larger share of the Sudan's growing market is almost entirely dependent upon increased U.S. market development efforts.

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